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DIRECTORATE OF
INTELLIGENCE

Central Intelligence Bulletin

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20 April 1970

State Dept. review completed

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Approved For Release 2003/05/29 : CIA-RDP79T00975A016000100001-2

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No. 0094/70
20 April 1970

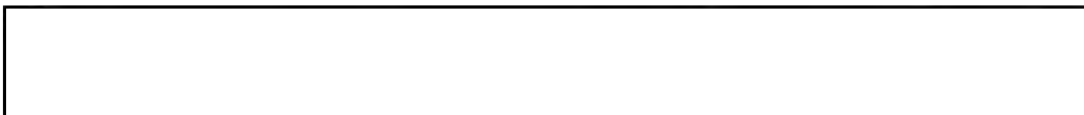
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Communist China - USSR: Communist China has released its strongest indictment of the Soviet leadership since the Peking talks began.

In a lengthy commentary on 17 April, the Chinese not only denounced Moscow's current Lenin centenary celebrations but also blasted the Brezhnev leadership as "fools" on the "brink of their downfall." Aside from seeking to discredit the Soviet anniversary celebrations, the Chinese probably intend this bitter personal attack as an answer to Brezhnev's strong public charge on 14 April that Chinese "provocations" were jeopardizing progress in the Peking talks.

The Chinese commentary may also be related to Sino-Soviet maneuvering on the question of an exchange of ambassadors. Peking's statement focused its attack on the Soviet central committee theses published last December in commemoration of the Lenin centennial--a tract that, much to Moscow's embarrassment, contained some glaring ideological errors. Peking therefore may be signaling its objection to Moscow's new ambassador-designate to China, V. Stepakov. As the former head of the Soviet Propaganda Department, Stepakov probably had a role in the publication of the theses.

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USSR-Indochina: Moscow has pulled back from its suggestion of a few days ago that it might endorse the French proposal for reconvening the Geneva conference on Indochina.

Soviet Ambassador to the UN Malik told Ambassador Yost on 17 April that his government did not believe that a new Geneva conference would be useful "at this time." In a press conference the day before, Malik had hinted that Moscow might actually back such an effort. He now claims, however, that his press conference remarks have been "misinterpreted" and "distorted." Moreover, Malik resorted to the old line that only a withdrawal of US forces could lead to a solution of the Indochina problem.

Despite Malik's demurrals, a press release issued by the Soviet mission at the UN on 16 April contained Malik's earlier assertion that "only a new Geneva conference could bring about a fresh solution and relaxation of tension in the Indochina peninsula." It also said that the French proposal for reactivating the Geneva machinery "deserved attention."

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That Moscow intended Malik's press conference remarks as a means for sounding out Western reactions seems almost certain. It is less clear, however, why the Soviets chose a day later to back away from their earlier initiative. Moscow may feel that it is unable to commit itself to anything more tangible than a diplomatic probe until further consultation with its Asian allies. Moscow and Hanoi may also believe that Chinese endorsement is necessary if the initiative is to be furthered. In the absence of a Chinese reaction, Moscow may be reluctant to move quickly in any direction.

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USSR: During the first quarter of 1970, Soviet industry posted a marked improvement over its performance a year ago.

According to Moscow's calculations, industrial production increased 8.9 percent and industrial profit 15 percent. Labor productivity reportedly increased 7.9 percent, indicating that the relatively large increase in output was achieved despite unusually small growth in industrial employment.

Exceptionally good performances were registered by the ministries of the fish industry, instrument building, means of automation and control systems, the medical industry, chemicals, oil refining and petrochemicals, the gas industry, and construction materials. At least the last three of these ministries benefited by comparison with very poor performances a year ago.

The achievements claimed for 1970 are considerably greater than those of the first quarter of 1969, when industrial production grew only 6 percent and labor productivity only 3.3 percent from the opening quarter of 1968. Two factors have contributed to the improved figures for 1970 relative to those of last year: the bad weather of early 1969--which interrupted transportation and hampered other activities--and the presence of one less working day in the first quarter of 1969 than in the opening quarter of 1968.

The Soviets will probably attribute a large portion of this year's success to their current campaign to tighten labor discipline and to intensify supervision and workers' efforts. It seems doubtful, however, that this primarily exhortatory campaign could in fact produce great or lasting benefits.

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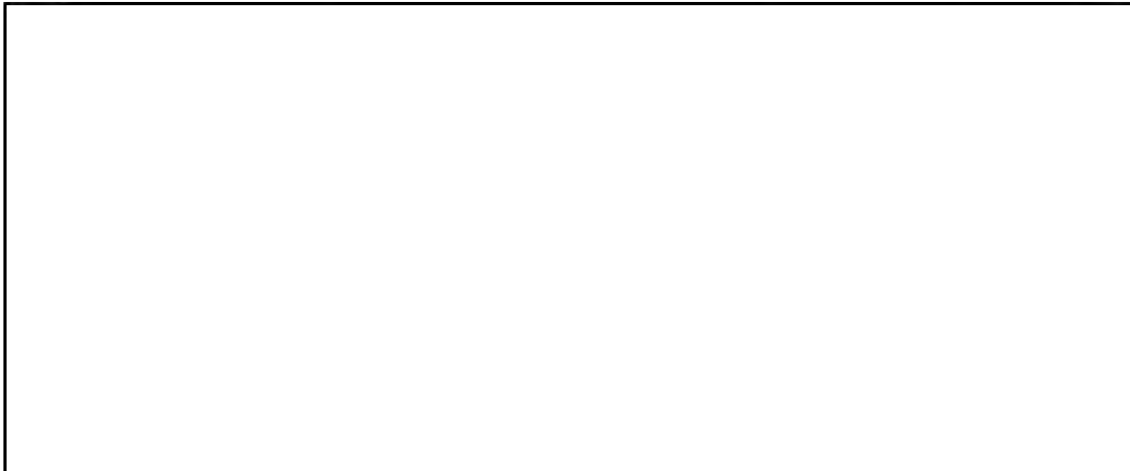
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European Communities: The Commission will "re-consider" the functioning of the EC agreement with Greece on economic association because of the internal Greek political situation.

In its announcement, the Commission said its action stemmed from "the recent trial in Athens," the "constant arrests of particularly esteemed personalities," and the "repeated attacks on the rights of man and the citizen." It is "already very difficult" for the agreement to function, the Commission added.

The Commission hastily issued its statement in reaction to a resolution by the Council of Europe that was highly critical of the Greek regime. While it is in character for the Council of Europe to make declarations on this kind of political question, it is not usual for the EC Commission to do so. Some observers have suggested that the Commission's action reflects an interest in enhancing its political role within the EC.

The agreement came into force in 1962 and was designed to lead to eventual EC membership for Greece. Since the April 1967 coup, both sides have adhered to all provisions that were part of the original agreement. The Communities did, however, cancel part of a loan credit that had been extended.

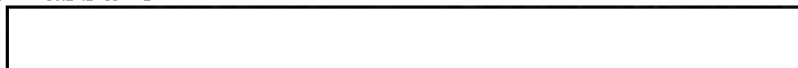


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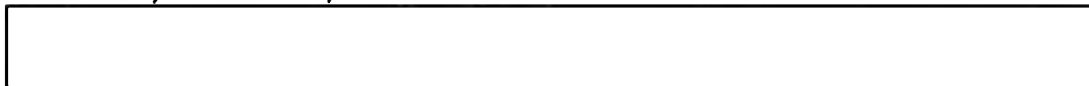
Hungary: The Hungarian celebrations of the Lenin centennial are proceeding according to plan despite earlier official indications that they were to be canceled. It now appears that the Hungarians intended that only party members would attend, and their protocol office misrepresented the withdrawal of the US ambassador's invitation as cancellation of the events. Budapest's reasons for restricting its invitations to the celebrations remain obscure, especially in view of the Bulgarians' invitation to the US ambassador to attend festivities in Sofia yesterday.



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Nonaligned Conference: The preparatory meeting for the third summit conference of nonaligned nations, conducted in Dar es Salaam last week, apparently achieved most of its objectives. It was announced at the close of the meeting that the summit would be held in Lusaka, Zambia, probably before the opening of the UN General Assembly this fall. The preparatory meeting reportedly adopted a broadly worded six-point provisional agenda that will allow any subject to be raised by the summit delegates. The controversial questions of representation of Cambodia and the Provisional Government of South Vietnam, however, were referred to the summit.



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